

# PERFORMANCE AUDIT

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## School District of Lancaster Lancaster County, Pennsylvania

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January 2018



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. Damaris Rau, Superintendent  
School District of Lancaster  
251 S. Prince Street, 4<sup>th</sup> Floor  
Lancaster, Pennsylvania 17603

Dr. Edith Gallagher, Board President  
School District of Lancaster  
251 S. Prince Street, 4<sup>th</sup> Floor  
Lancaster, Pennsylvania 17603

Dear Dr. Rau and Dr. Gallagher:

Our performance audit of the School District of Lancaster (District) evaluated the application of best practices in the area of school safety. In addition, this audit determined the District's compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). This audit covered the period July 1, 2012, through June 30, 2016, except as otherwise indicated in the audit scope, objective, and methodology section of the report. The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District applied best practices in the area listed above and complied, in all significant respects, with relevant requirements except as detailed in our two findings in this audit report. A summary of the results is presented in the Executive Summary section of the audit report.

Our audit findings and recommendations have been discussed with the District's management, and their responses are included in the audit report. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal and relevant requirements. We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

January 5, 2018

cc: **SCHOOL DISTRICT OF LANCASTER** Board of School Directors

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## Executive Summary

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### Audit Work

The Pennsylvania Department of the Auditor General conducted a performance audit of the School District of Lancaster (District). Our audit sought to answer certain questions regarding the District's application of best practices and compliance with certain relevant state laws, regulations, contracts, and administrative procedures and to determine the status of corrective action taken by the District in response to our prior audit recommendations.

Our audit scope covered the period July 1, 2012, through June 30, 2016, except as otherwise indicated in the audit scope, objectives, and methodology section of the report (see Appendix). Compliance specific to state subsidies and reimbursements were determined for the 2012-13 through 2015-16 school years.

### Audit Conclusion and Results

Our audit found that the District applied best practices and complied, in all significant respects, with certain relevant state laws, regulations, contracts, and administrative procedures, except for two findings.

#### **Finding No. 1: The District Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Underpayment to the District of Over \$1.5 Million.**

The District was underpaid \$1,572,510 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This underpayment was due to the District improperly reporting several required transportation components to PDE during

the 2012-13, 2013-14, 2014-15, and 2015-16 school years. The District incorrectly reported the approved daily miles of vehicles used to transport District students and the amount of time these vehicles spent in congested traffic. The District also reported and received reimbursement for certain students that were not allowable per PDE instructions (see page 11).

#### **Finding No. 2: School Bus Drivers with Disqualifying Criminal Convictions and Incomplete Driver Qualifications on File Presented an Increased Risk to Student Safety.**

The District failed to ensure that all bus drivers were properly qualified prior to having direct contact with children. Specifically, we found that 21 of 132 bus drivers, or 16 percent, employed as of June 15, 2017, failed to meet at least one employment requirement (see page 15).

#### **Status of Prior Audit Findings and Observations.**

With regard to the status of our prior audit recommendations, we found the District complied with our recommendations relating to certification deficiencies (see page 21) and internal control weakness regarding the Memorandum of Understanding (see page 22).

## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Lancaster
Total Square Miles	13.5
Resident Population <sup>B</sup>	75,343
Number of School Buildings	22 <sup>1</sup>
Total Teachers	896
Total Full or Part-Time Support Staff	475
Total Administrators	140
Total Enrollment for Most Recent School Year	11,164
Intermediate Unit Number	13
District Vo-Tech School	Lancaster County CTC

A - Source: Information provided by the District administration and is unaudited.

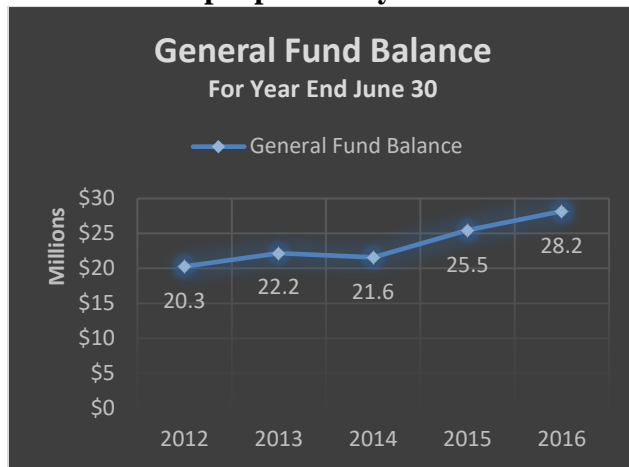
B - Source: United States Census <http://www.census.gov/2010census>.

### Mission Statement<sup>A</sup>

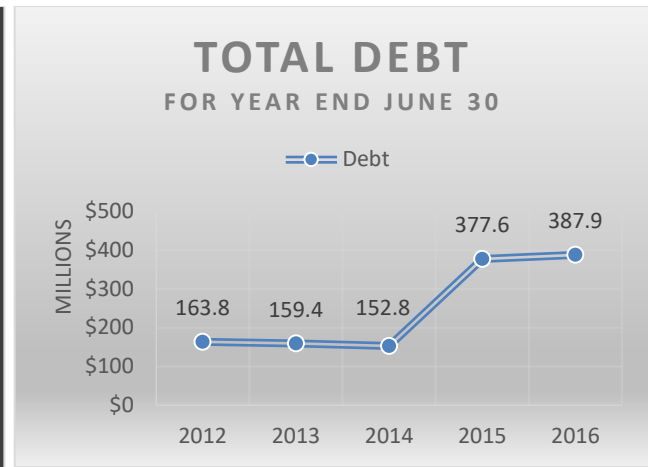
Together we can work as partners in a diverse community to ensure all students graduate prepared to meet high expectations and serve as responsible citizens in a global society.

## Financial Information

The following pages contain financial information about the School District of Lancaster (District) obtained from annual financial data reported to the Pennsylvania Department of Education (PDE) and available on PDE's public website. This information was not audited and is presented for **informational purposes only**.



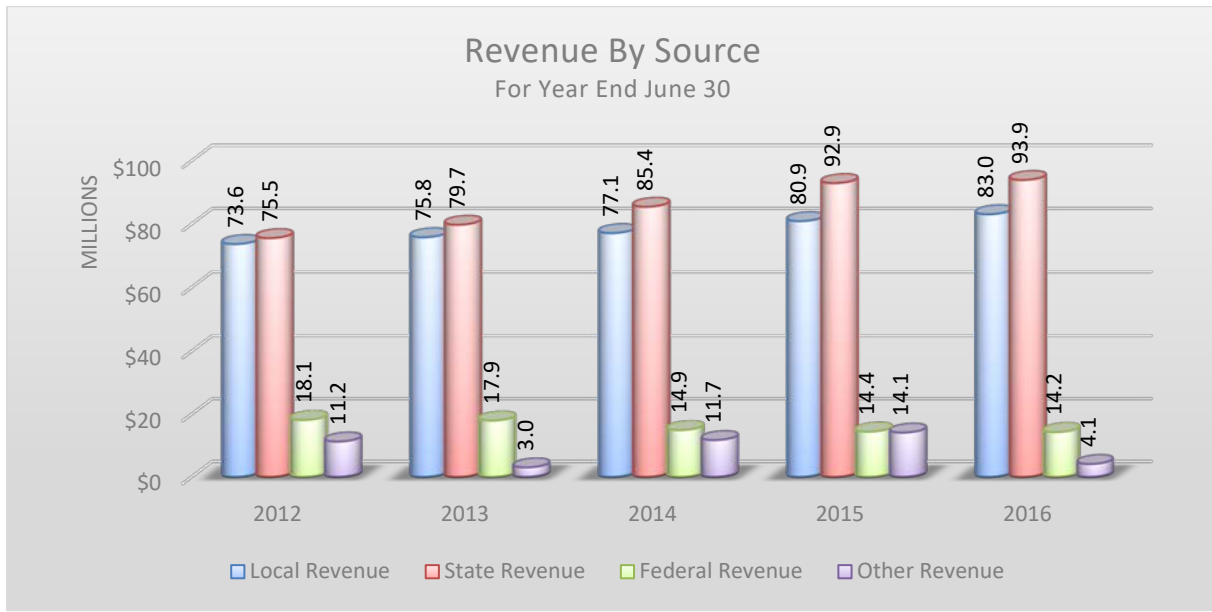
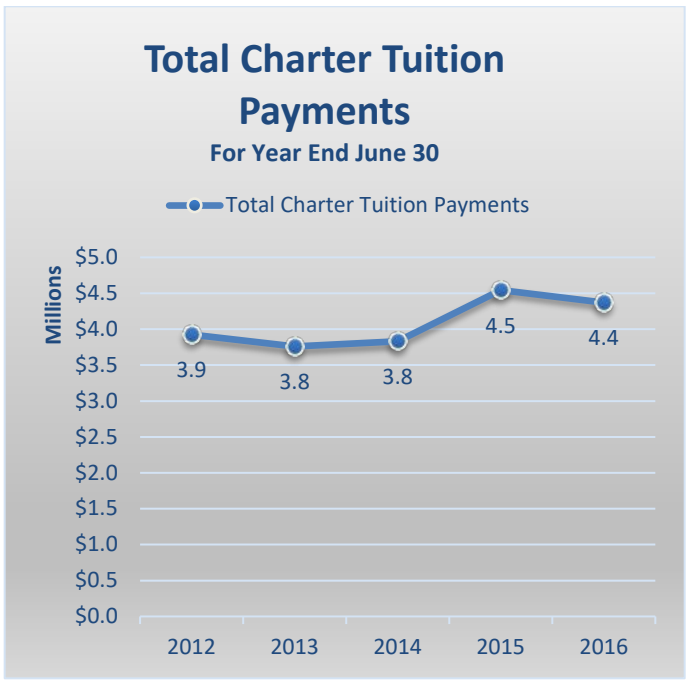
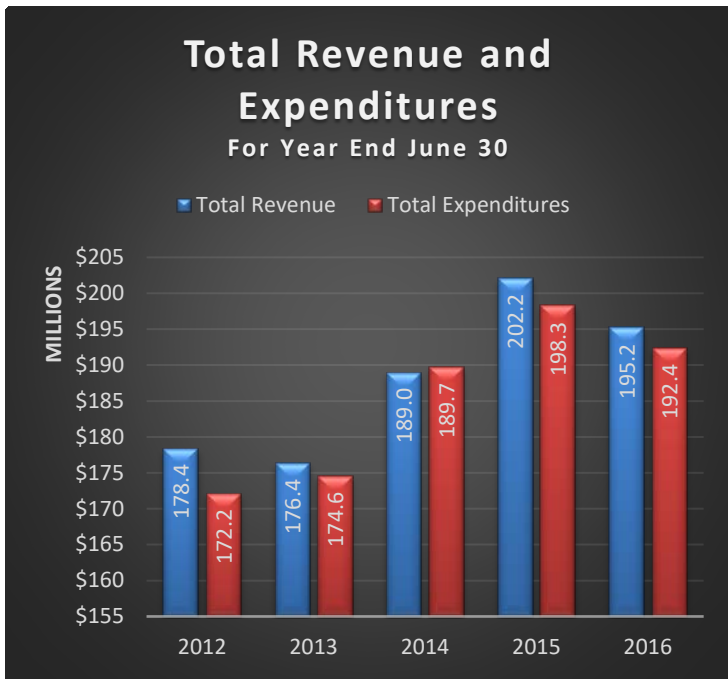
**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**Note:** Total Debt is comprised of Short-Term Borrowing, General Obligation Bonds, Authority Building Obligations, Other Long-Term Debt, Other Post-Employment Benefits and Compensated Absences.

<sup>1</sup> This includes two alternative education buildings, and the McCaskey campus, which is comprised of two high schools that are part of a singular reporting entity for academic scores.

## Financial Information Continued



## **Academic Information**

The graphs on the following pages present School Performance Profile (SPP) scores, Pennsylvania System of School Assessment (PSSA), Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from PDE's data files for the 2014-15 and 2015-16 school years.<sup>2</sup> These scores are provided in the District's audit report for **informational purposes only**, and they were not audited by our Department. Please note that if one of the District's schools did not receive a score in a particular category and year presented below, the school will not be listed in the corresponding chart.<sup>3</sup> Finally, benchmarks noted in the following graphs represent the statewide average of all public school buildings in the Commonwealth that received a score in the category and year noted.<sup>4</sup>

### **What is a SPP score?**

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. PDE issues a SPP score using a 0-100 scale for all school buildings in the Commonwealth annually, which is calculated based on standardized testing (i.e. PSSA and Keystone exams), student improvement, advance course offerings, and attendance and graduation rates. Generally speaking, a SPP score of 70 or above is considered to be a passing rate.

PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, PDE only issued SPP scores for high schools taking the Keystone Exams as scores for elementary and middle schools were put on hold due to changes with PSSA testing.<sup>5</sup> PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

### **What is the PSSA?**

The PSSA is an annual, standardized test given across the Commonwealth to students in grades 3 through 8 in core subject areas, including English and Math. The PSSAs help Pennsylvania meet federal and state requirements and inform instructional practices, as well as provide educators, stakeholders, and policymakers with important information about the state's students and schools.

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<sup>2</sup> PDE is the sole source of academic data presented in this report. All academic data was obtained from PDE's publically available website.

<sup>3</sup> PDE's data does not provide any further information regarding the reason a score was not published for a specific school. However, readers can refer to PDE's website for general information regarding the issuance of academic scores.

<sup>4</sup> Statewide averages were calculated by our Department based on individual school building scores for all public schools in the Commonwealth, including district schools, charters schools, and cyber charter schools.

<sup>5</sup> According to PDE, SPP scores for elementary and middle schools were put on hold for the 2014-15 school year due to the state's major overhaul of PSSA exams to align with state Common Core standards and an unprecedented drop in public schools' PSSA scores that year. Since PSSA scores are an important factor in the SPP calculation, the state decided not to use PSSA scores to calculate a SPP score for elementary and middle schools for the 2014-15 school year. Only high schools using the Keystone Exam as the standardized testing component received a SPP score.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.<sup>6</sup> The state uses a grading system with scoring ranges that place an individual student's performance into one of four performance levels: Below Basic, Basic, Proficient, and Advanced. The state's goal is for students to score Proficient or Advanced on the exam in each subject area.

### **What is the Keystone Exam?**

The Keystone Exam measures student proficiency at the end of specific courses, such as Algebra I, Literature, and Biology. The Keystone Exam was intended to be a graduation requirement starting with the class of 2017, but that requirement has been put on hold until at least 2020. In the meantime, the exam is still given as a standardized assessment and results are included in the calculation of SPP scores. The Keystone Exam is scored using the same four performance levels as the PSSAs, and the goal is to score Proficient or Advanced for each course requiring the test.

### **What is a 4-Year Cohort Graduation Rate?**

PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student first entered high school. The rate is determined for a cohort of students who have all entered high school for the first time during the same school year. Data specific to the 4-year cohort graduation rate is presented in the graph.<sup>7</sup>

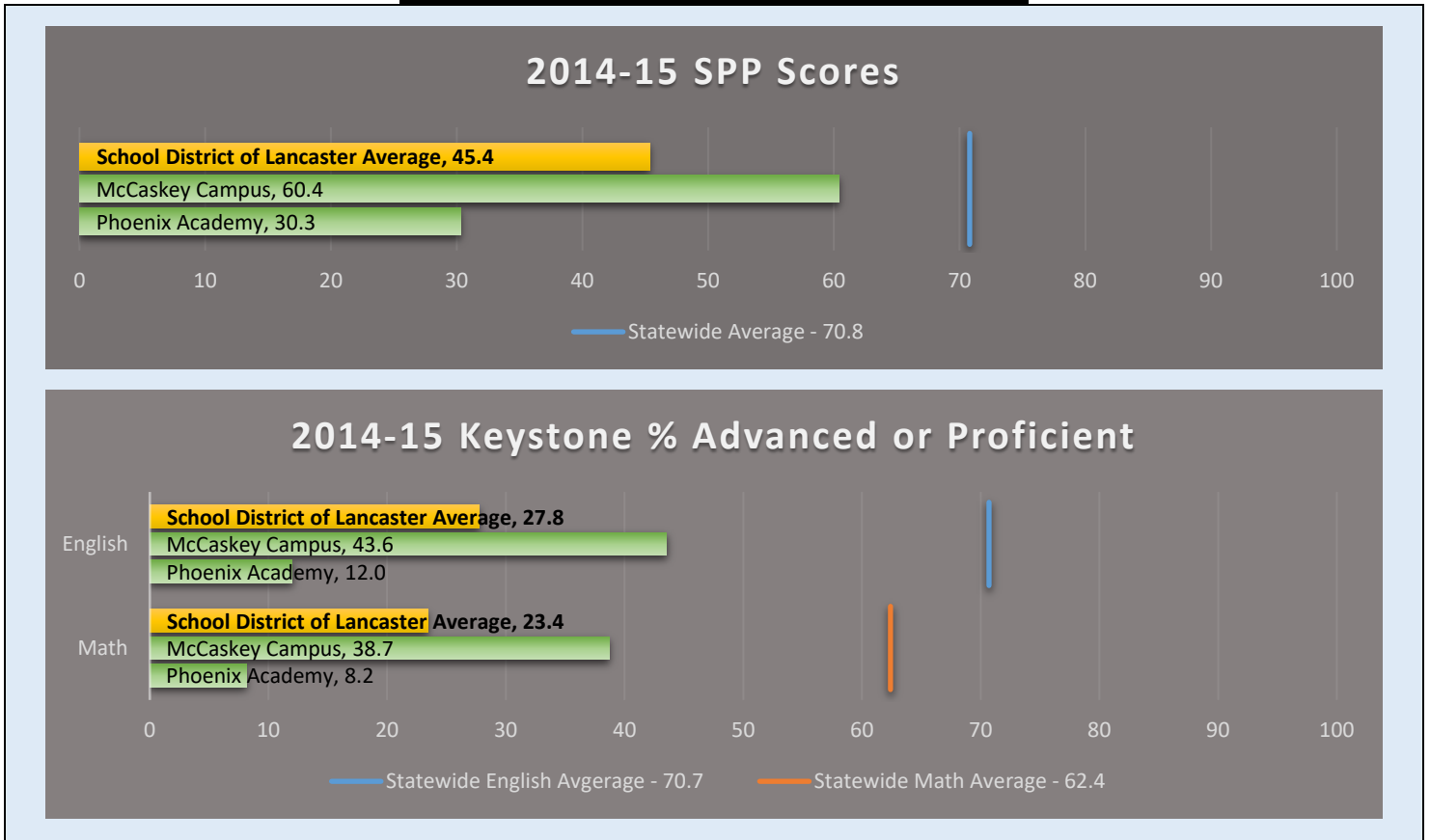
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<sup>6</sup> PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam. (Also, see footnote 4).

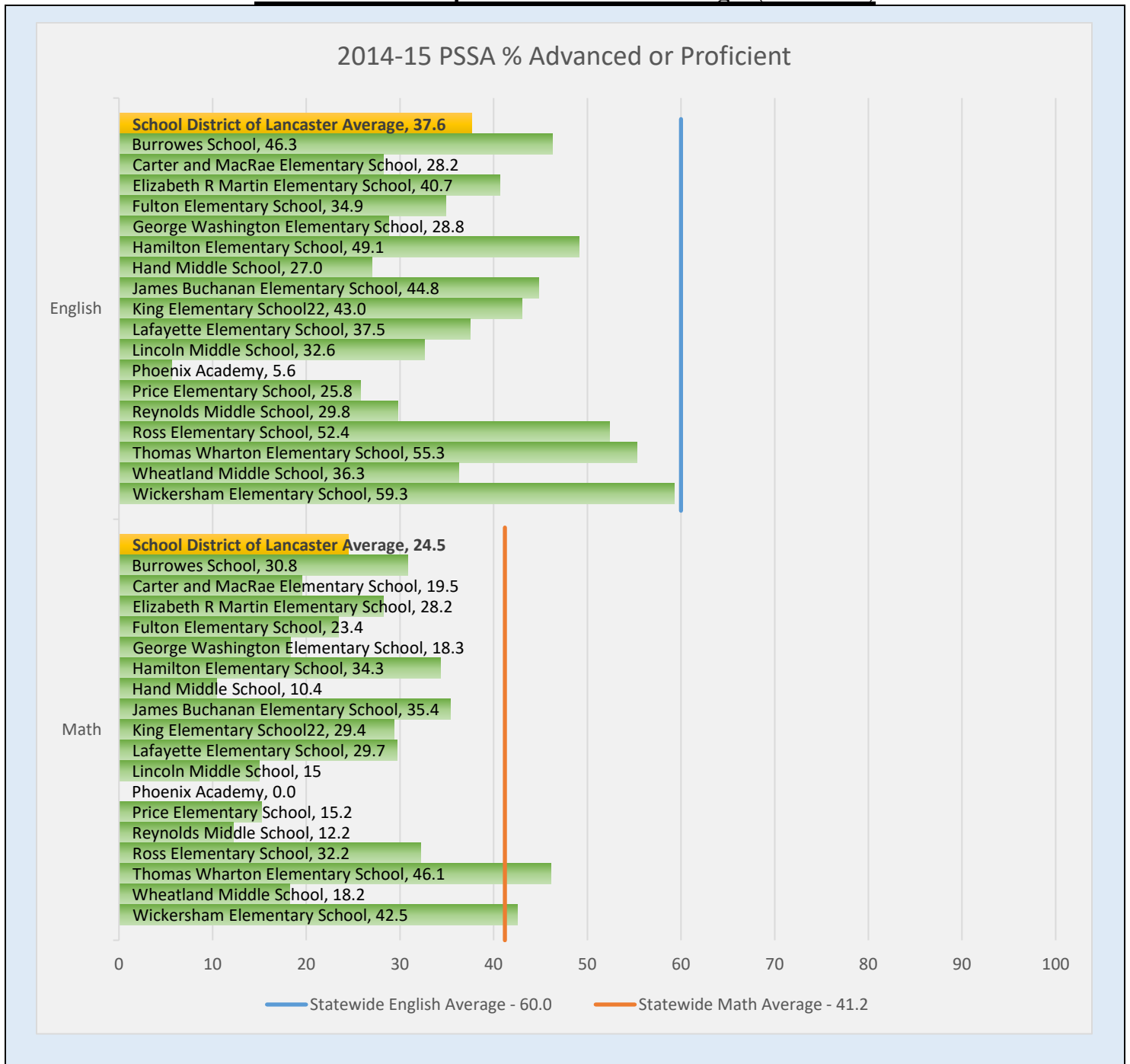
<sup>7</sup> PDE also calculates 5-year and 6-year cohort graduation rates. Please visit PDE's website for additional information: <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.



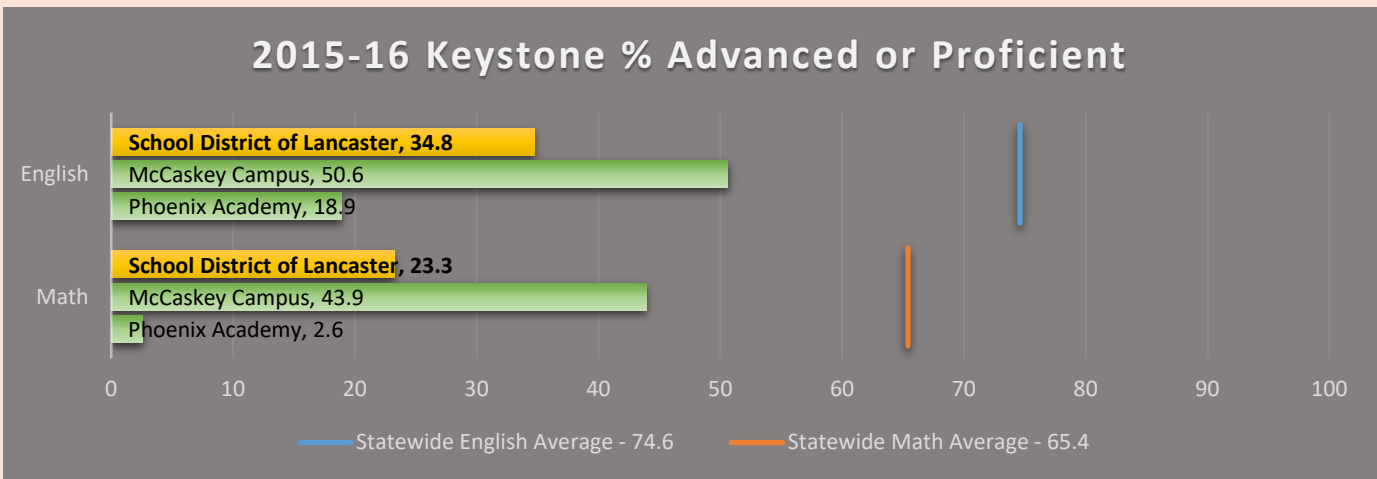
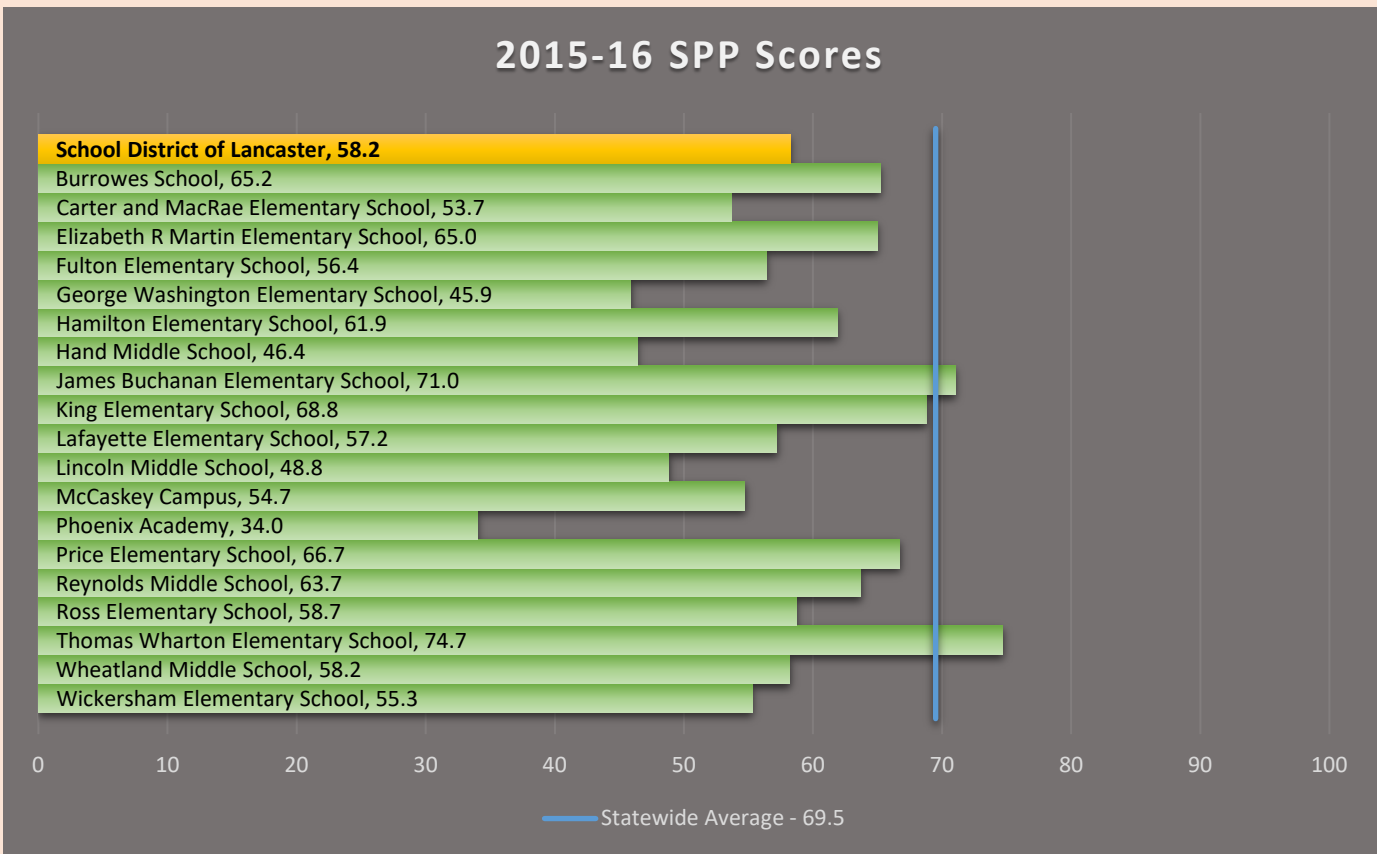
**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**



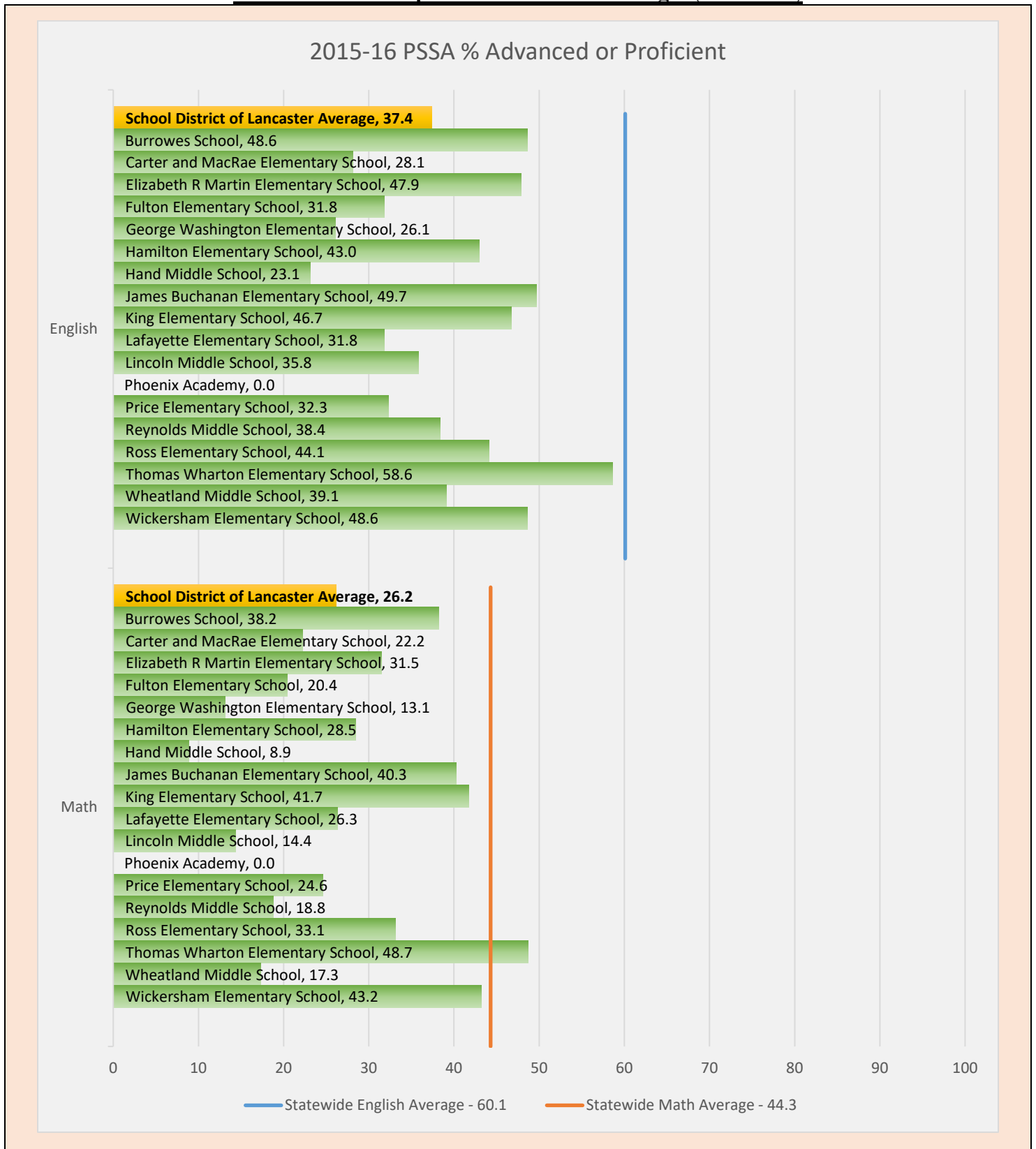
**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages (continued)**



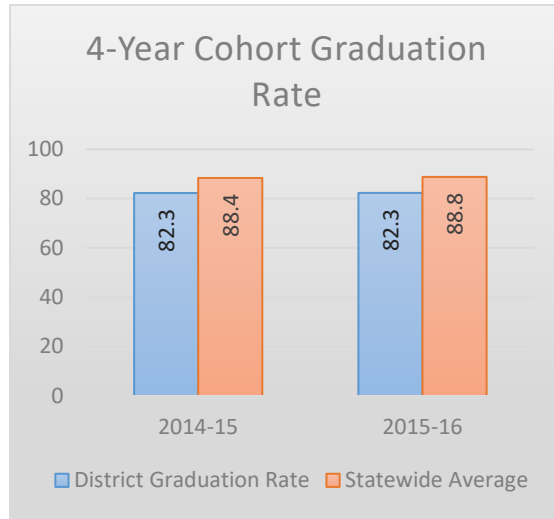
**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**



**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages (continued)**



**4-Year Cohort Graduation Rate**



## Finding(s)

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### Finding No. 1

### The District Inaccurately Reported Transportation Data to the Pennsylvania Department of Education Resulting in an Underpayment to the District of Over \$1.5 Million

*Criteria relevant to the finding:*

**Student Transportation Subsidy:**

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

**Total Students Transported:**

Section 2541(a) of the PSC states, in part: "School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district's aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes . . ." *See* 24 P.S. § 25-2541(a).

The School District of Lancaster (District) was underpaid \$1,572,510 in transportation reimbursement from the Pennsylvania Department of Education (PDE). This underpayment was due to the District improperly reporting several required transportation components to PDE during the 2012-13, 2013-14, 2014-15, and 2015-16 school years. The District incorrectly reported the approved daily miles of vehicles used to transport District students and the amount of time these vehicles spent in congested traffic. The District also reported and received reimbursement for certain students that were not allowable per the PDE instructions.

Student transportation reimbursement is based on several components that are reported by the District to PDE for use in calculating the District's annual reimbursement amount. These components include, but are not limited to, the following:

- Miles traveled with and without students for each vehicle (total annual miles).
- The amount of time traveling less than an average of 15 miles-per-hour per run (congested hours).
- Number of students transported that reside within two miles of school (non-reimbursable students).

Since the above listed components are integral to the calculation of the District's transportation reimbursement, it is essential for the District to properly record, calculate, and report this information. PDE provides instructions to help school districts report this information accurately. Some of these instructions are cited in our criteria box to the left.

*Criteria relevant to the finding (continued):*

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education.” (Emphasis added.) *Ibid.*

**Form Completion Instruction – PDE-1049 Transportation Services Forms**

**Daily Miles With:**

Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average. Report the number of miles per day, to the nearest tenth, that the vehicle traveled with pupils. If this figure changed during the year, calculate a weighted average or sample average.

The most significant error we identified was the District’s failure to accurately report the total miles students were transported for the 2012-13 through 2015-16 school years. The District failed to report approximately 33,000, 26,000, 319,000 and 345,000 miles traveled for the 2012-13 through 2015-16 school years, respectively. Failing to report such a significant percentage of total annual miles for these school years was the primary reason the District was underpaid such a considerable amount.

The District recorded and retained the total annual miles for these school years correctly. However, the total annual miles were incorrectly reported to PDE. District officials attributed the incorrectly reported mileage data to the unfamiliarity with the transportation software used by the District during those years.<sup>8</sup> Current District officials stated that the former District officials responsible for reporting transportation data during the 2012-13 through 2015-16 school years were not trained on how to use the transportation software and attributed the mileage reporting errors to these circumstances.

The District also failed to accurately report congested hours for vehicles transporting students and improperly claimed reimbursement for secondary students who were defined as non-reimbursable by PDE regulations. Correctly reporting congested hours is vital since a district’s transportation reimbursement is increased to help offset the additional costs for vehicles traveling on heavy traffic routes.

Similar to the total annual miles, the District recorded and retained the accurate amount of congested hours and non-reimbursable students transported, but incorrectly reported this data to PDE. District officials attributed these errors, again, to unfamiliarity with the District’s previous transportation software.

Early in 2017, the District reviewed its transportation subsidy received for prior school years. This review revealed to the District that its transportation subsidy decreased dramatically beginning in the 2014-15 school year. The District attributed this reduction in its transportation subsidy to the District’s failure to report congested hours accurately. The District hired a

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<sup>8</sup> The District began using different Transportation Software beginning in the 2016-17 school year.

*Criteria relevant to the finding (continued):*

**Daily Miles Without:** Report the number of miles per day, to the nearest tenth, that the vehicle traveled without pupils. If this figure changed during the year, calculate a weighted average or sample average.

**Non-reimbursable Students:** Districts are unable to receive transportation funds for students who are considered within walking distance of their school. Specifically, Subsections (c)(1) and (2) of Section 2541 of the PSC exclude elementary students who reside within 1.5 miles from their school or secondary students who reside within 2 miles of their school, respectively, from transportation payments. These students are considered “non-reimbursable students” and must be reported to PDE accordingly so that they are **not** included in the transportation subsidy calculation. See 24 P.S. § 25-2541(c)(1)-(2).

PDE has established a Summary of Students Transported form (PDE-2089) and relevant instructions specifying how districts are to report non-reimbursable students, charter school students, nonpublic students, and the total number of students transported to and from school.

**Congested Hours:** If vehicles cannot sustain a 15 mile-per-hour average speed on their runs, a congested hours allowance is available. Per PDE-1049 Transportation Service Forms, Form Completion Instructions.

consultant to review and revise the congested hours reported to PDE.

The District and consultant were in the midst of the review and revision of congested hours when our audit began in April 2017. When we found the significant mileage reporting errors and that the District incorrectly reported non-reimbursable students as reimbursable students, we immediately brought these errors to the District’s attention. The District included the errors we discovered in its revisions that were submitted to PDE. Based on the revised data reported, PDE should adjust future transportation subsidy amounts to account for the underpayment.

### **Recommendations**

The *School District of Lancaster* should:

1. Implement a procedure to have a District official other than the person who prepares the data review transportation data prior to submission to PDE.
2. Ensure that all District officials responsible for reporting transportation data to PDE have been adequately trained on the District’s new transportation software and that these District officials are comfortable using this software.
3. Implement a yearly trend analysis of transportation reimbursement received from PDE and investigate all significant variances.
4. Review mileage records, congested hours, and non-reimbursable pupil counts for vehicles providing transportation to and from school to ensure accurate reporting of data that is in compliance with PDE reporting guidelines.

The *Pennsylvania Department of Education* should:

5. Adjust the District’s transportation subsidy allocations by \$1,572,510 to resolve the underpayment.



**Management Response:**

The District agreed with the finding and provided the following response:

Thank you for your draft report dated November 28, 2017. We appreciate the opportunity to respond to these findings.

With respect to Finding No. 1, the District agrees with the details of this audit finding which resulted in the underpayment of transportation subsidy to the District. The District had identified these errors in the Spring of 2017, before the notification was received of the anticipated audit. As stated in your report, the District was working with PDE and a consultant to revise these reports and re-submit to PDE for re-calculation of the transportation subsidy.

Over the past two school years, the District experienced turnover within the transportation department due to retirements. In addition to the transition, the District implemented a new transportation software concurrently.

In conclusion, the District agrees and has implemented all auditor recommendations for Finding No. 1.

**Auditor Conclusion**

We are pleased that the District agreed with our finding and that it is implementing corrective action to address the issues we noted. We will review the actions taken by the District during our next audit.

## Finding No. 2

### School Bus Drivers with Disqualifying Criminal Convictions and Incomplete Driver Qualifications on File Presented an Increased Risk to Student Safety

#### *Criteria relevant to the finding:*

Chapter 23 (relating to Pupil Transportation) of the State Board of Education Regulations, among other provisions, provides that the board of directors of a school district is responsible for the selection and approval of eligible operators who qualify under the law and regulations. *See* in particular, 22 Pa. Code § 23.4(2).

Section 111 of the PSC requires state and federal criminal background checks, and Section 6344(a.1)(1) of the Child Protective Services Law (CPSL) requires a child abuse clearance. *See* 24 P.S. § 1-111 and 23 Pa.C.S. § 6344(a.1)(1), as amended.

With regard to criminal background checks, Sections 111(b) and (c.1) of the PSC require prospective school employees who have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police, as well as a report of Federal criminal history record information (CHRI) records obtained from the Federal Bureau of Investigations. *See* 24 P.S. § 1-111(b) and (c.1).

The District failed to ensure that all bus drivers were properly qualified prior to having direct contact with children. Specifically, we found that 21 of 132 bus drivers, or 16 percent, employed as of June 15, 2017, failed to meet at least one employment requirement.

Most significantly, we found that the District used five bus drivers who were ineligible for employment at the time of hire based on prior criminal convictions and another driver with a noted criminal conviction that lacks necessary information to be able to determine the suitability of employment. Fifteen additional drivers were missing documentation to support that all required credentials and criminal history clearances were met *before* they transported students. This allowed for contracted bus drivers to be in direct contact with children when some should not have been employed due to disqualifying criminal convictions that ban or restrict employment and may have put the safety of students at risk.

The District utilizes a transportation contractor to provide its busing services. While the District was receiving bus driver records from the contractor, it lacked written policies and procedures for obtaining and reviewing bus driver qualifications prior to employment and proper staff training regarding criminal convictions impacting employment eligibility.

Ensuring that required credentials and clearances are satisfied and approving bus drivers and any others having direct contact with students are vital student protection legal obligations and responsibilities placed on the District and its Board of School Directors. The ultimate purpose of these requirements is to ensure the safety and welfare of students transported in school buses. The use of a contractor to provide student transportation does not negate these legal obligations and responsibilities.

*Criteria relevant to the finding (continued):*

Section 6344(b)(3) of the CPSL requires, in part, that, “The applicant shall submit a full set of fingerprints to the Pennsylvania State Police for the purpose of a record check . . .” (Act 153 of 2014) Further, Section 6344.4 of the CPSL now requires recertification of the required state and federal background checks and the child abuse clearance every 60 months. *See* 23 Pa.C.S. §§ 6344(b)(3) and 6344.4.

Section 111(e) of the PSC lists convictions for certain criminal offenses that require an absolute ban to employment. Section 111(f.1) to the PSC requires that a ten, five, or three year *look-back period* for certain convictions be met before an individual is eligible for employment. *See* 24 P.S. § 1-111(e) and (f.1).

Section 111(a.1)(1) specifies that bus drivers employed by a school entity through an independent contractor who have direct contact with children must also comply with Section 111 of the PSC. *See* 24 P.S. § 1-111(a.1)(1).

Section 111(c.4) further requires administrators to review the reports and determine if the reports disclose information that may require further action. *See* 24 P.S. § 1-111(c.4).

Administrators are also required to review the required documentation according to Section 111(g)(1) of the PSC. This section provides that an administrator, or other person responsible for employment decisions in a school or institution under this section who willfully fails to comply with the provisions of this section commits a violation of this act, subject to a hearing conducted by PDE, and shall be subject to a civil penalty up to \$2,500. *See* 24 P.S. § 1-111(g)(1).

## **Failure to Meet Employment Requirements**

Several state statutes and regulations establish the minimum required qualifications for school bus drivers. The ultimate purpose of these requirements is to ensure the protection, safety, and welfare of the students transported in school buses. We initially tested select drivers and found deficiencies, so we expanded our review to include all 132 drivers employed as of June 15, 2017.<sup>9</sup> We reviewed their personnel records and clearances to determine if those drivers met the minimum qualifications to transport students and were free of criminal convictions impacting employment eligibility.

## **Criminal Convictions Impacting Employment Eligibility**

Five drivers had disqualifying criminal convictions that should have prevented them from being hired into a position requiring direct contact with children, and one driver had a drug conviction in another state that may impact employment eligibility. All of these drivers had clearances on file with the District, but they were not reviewed for eligibility.

Details for the six drivers are included below.

- One driver had a criminal conviction requiring an absolute ban on employment based on Section 111(e) of the PSC. After we brought this issue to the attention of District officials, the District notified the contractor and requested corrective action. As of October 20, 2017, the driver was no longer transporting District students.
- Three drivers had criminal convictions that barred employment individually until 2022, 2024, and 2025 based on Section 111(f.1) of the PSC requiring look-back periods for specific offenses before being eligible for employment. These three drivers were no longer transporting District students as of October 20, 2017.
- One additional driver was employed for three years despite not being eligible for employment on the date of

<sup>9</sup> One driver’s employment ended prior to this date, but the District failed to properly update the list provided for testing. We included this driver in our testing population. (See also the Methodology Section of the audit report.)

*Criteria relevant to the finding (continued):*

Effective September 28, 2011, Section 111(j)(2) required all current school employees to submit an “Arrest/Conviction Report and Certification Form” (PDE-6004 Form) to their administrator indicating whether or not they have ever been arrested or convicted of any Section 111(e) criminal offenses by December 27, 2011. Effective July 1, 2012, criminal offenses found in Section 111(f.1) were also added. *See* 24 P.S. § 1-111(j)(2).

*See also* PDE Basic Education Circular on Background Checks, issued December 12, 2011.

hire due to a criminal conviction requiring a look-back period. However, because the look-back period was satisfied as of September 2017, the District determined this driver could remain employed.

- Finally, one driver had a criminal conviction from another state that, from the limited information listed on the documentation, appears to require an absolute ban from employment. However, because we were unable to obtain additional clarification about the actual conviction, we could not make a final determination about this driver’s suitability to transport the District’s students. The District is allowing this driver to continue employment until more information can be obtained by a District imposed deadline.

### **Missing Qualifications and Clearances**

We found that 11 drivers were missing one or more of the following requirements set by the Pennsylvania Vehicle Code<sup>10</sup> and the Pennsylvania Department of Transportation:

- Possession of a valid driver’s license.
- Completion of school bus driver skills and safety training.
- Passing a physical examination.

Further, we found that personnel files for five drivers were missing one or more of the following requirements set forth by Section 111 of the PSC and the CPSL.

- State criminal history records.
- Federal criminal history records.
- Official child abuse clearance statement.

In 2011 and 2012,<sup>11</sup> Section 111 of the PSC was amended to require all current school employees, including contracted bus drivers, to file an *Arrest/Conviction Report and Certification Form*. This form would indicate whether

<sup>10</sup> 75 Pa.C.S. § 1509.

<sup>11</sup> Pursuant Act 24 of 2011 and Act 82 of 2012.

or not the driver was arrested or convicted of a Section 111 criminal offense,<sup>12</sup> potentially impacting employment eligibility. This same form is also used to provide written notice within 72 hours after an arrest or conviction of one or more of Section 111 criminal offenses. We found that four drivers did not have this form on file.

By not having required bus drivers' qualification documents and clearances on file, the District was not able to review the documents to determine whether all drivers were qualified to transport students. Allowing unqualified drivers to transport students not only results in noncompliance with the statutory requirements of the PSC and the CPSL, but also brings about an increased risk to the safety and welfare of the students. Further, an administrator of a school district who "willfully fails" to comply with the legal requirements could also be subjected to a civil penalty up to \$2,500 for failure to ensure compliance with Section 111 of the PSC as set forth in Subsection (g)(1).

The following factors contributed to the District's failure to ensure that drivers were properly qualified and that personnel files were maintained for their contracted drivers.

- The District lacked written policies and procedures for obtaining and reviewing bus driver qualifications prior to employment.
- Despite having a review process in place, the District did not provide any formal training specific to criminal convictions impacting employment eligibility to the person in charge of reviewing bus driver qualifications.
- The District's Human Resource Department had detailed procedures in place to ensure compliance with all regulations when reviewing qualifications for District applicants and employees. However, the District failed to apply the same standards and high level of scrutiny when reviewing qualifications for contracted bus drivers.

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<sup>12</sup> Convictions of specific criminal offenses are defined under Sections 111(e) and (f.1) of the PSC, effective September 28, 2011, and July 1, 2012, respectively. *See* 24 P.S. § 1-111(e) and (f.1).

## **District's Corrective Action**

We notified District officials of our results, and they began taking corrective action immediately. The District notified the contractor about the deficiencies and ensured that the four drivers prohibited from having direct contact with children due to criminal convictions were no longer permitted to transport District students. The District obtained the missing information for all other drivers except one, and no problems were noted. The District is awaiting additional information for the driver with a questionable criminal conviction in another state before making a determination regarding continued employment eligibility. Finally, District officials told us that they modified their procedures by requiring the Human Resource Department to review all driver criminal histories and determine if the drivers satisfy the requirements before they are approved to transport the District's students.

## **Recommendations**

The *School District of Lancaster* should:

1. Develop and implement formal written policies and procedures, in coordination with the District's solicitor, that address obtaining, reviewing, and updating bus driver files to ensure that all drivers are properly qualified before being permitted to have direct contact with children.
2. Review Section 111 of the PSC, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and the Pennsylvania Department of Transportation regulations and apply the standards of employment to all contracted bus drivers. This includes reviewing all background clearance documents for current and prospective bus drivers and documenting continued employment eligibility on a case-by-case basis with student safety serving as the utmost consideration.
3. Provide training on Section 111 of the PSC, as well as the relevant provisions of the CPSL, the Pennsylvania Vehicle Code, and Pennsylvania Department of Transportation regulations to staff responsible for reviewing qualifications and those tasked with

maintaining up-to-date personnel files for contracted bus drivers.

### **Management Response**

The District agreed with the finding and provided the following response:

The District agrees with the details of this audit finding to ensure all bus drivers were properly qualified prior to having direct contact with children. The safety of our students is a priority for the District. The District did have a process in place for contracted personnel within in the District. Upon notification of this finding, the District adopted a process for contracted bus drivers to ensure compliance with the law for both in District and out of District contractors. The law changed in respect for clearances March 1, 2016. Please be advised that all vendors applying for new contracts will be given new language for clearances as part of the vendor agreement. The existing contracts will be revised to include new guidance and criteria for federal, state and child abuse clearances. Any contractor with one of the listed offenses will be reviewed and signed by the Human Resource Coordinator.

In conclusion, the District agrees and has implemented all auditor recommendations for Finding No. 2.

### **Auditor Conclusion**

We are pleased that the District agreed with our finding and is taking corrective action to address the issues we noted. We believe that the implementation of our recommendations is in the best interest of the District and its students. We will review the actions taken by the District during our next audit.

## **Status of Prior Audit Findings and Observations**

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Our prior audit of the School District of Lancaster (District) released on December 29, 2010, resulted in two findings, as shown below. As part of our current audit, we determined the status of corrective action taken by the District to implement our prior audit recommendations. We interviewed District personnel and performed audit procedures as detailed in each status section below.

### **Auditor General Performance Audit Report Released on December 29, 2010**

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#### **Prior Finding No. 1: Certification Deficiencies**

Prior Finding Summary: Our prior audit of professional employees' certification and assignments for the period October 26, 2005, through February 17, 2010, was performed to determine compliance with the Public School Code (PSC) and the Pennsylvania Department of Education's (PDE) Certification and Staffing Policies and Guidelines (CSPG). We found 19 individuals were employed as Outreach Workers/Outreach Paraprofessionals without proper certification. Five of the nineteen individuals were also employed as outreach workers during the prior audit period.

In a Settlement and Release Agreement dated October 1, 2007, between the District and PDE, it was stated that CSPG No. 77 allows paraprofessionals to serve under the direction of certified home and school visitors. The District agreed to revise the job description for the outreach worker position to reflect that the individuals work under the direction of certified home and school visitors. Since the District agreed to revise the outreach worker job description, PDE agreed to forgo \$33,986 in subsidy forfeitures related to the outreach workers.

During our prior audit, we found that the District revised its outreach worker title to outreach paraprofessional effective January 2009; however, the essential functions of this job description remained unchanged. Furthermore, the job description was not revised to require that the individuals work under the direction of certified home and school visitors. Therefore, the District failed to comply with the provisions of the Settlement and Release Agreement.

Prior Recommendations: We recommended that the District should:

1. Further revise the outreach paraprofessional job description, as agreed upon in the Settlement and Release Agreement.



2. Ensure that all professional employees have the required certificate for the position to which they are assigned.

The Pennsylvania Department of Education should:

3. Take action to recover the appropriate subsidy forfeitures. In light of the District's failure to comply with the provisions of the Settlement and Release Agreement with PDE, this should include the subsidy forfeitures of \$33,986 from the prior audit.

Current Status:

During the current audit, we found that the District did not specifically implement these recommendations, they instead eliminated the position in May 2011 to take affect for the 2011-12 school year. Elimination of the position in question demonstrated the implementation of recommendation no. 2. Since PDE elected to reduce the original subsidy forfeitures from \$77,052 to \$38,613 and did not include the previously recommended subsidy forfeiture of \$33,986, we have determined this issue to be resolved.

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**Prior Finding No. 2: Internal Control Weakness Regarding Memorandum of Understanding**

Prior Finding Summary: During our prior audit of the District, we found that the District did not have a signed Memorandum of Understanding (MOU) with one of the two local law enforcement agencies with jurisdiction over school property. The District subsequently provided a MOU signed on March 3, 2010.

Prior Recommendations: We recommended that the District should:

1. Establish procedures to ensure MOUs are reviewed for compliance with the PSC when there is a change in local law enforcement agency jurisdiction over school property.
2. Adopt a policy requiring the administration to review and re-execute the MOUs every two years.

Current Status:

We found that the District has complied with both of our prior audit recommendations. The District provided evidence of review of MOUs for compliance. Also, the District provided a copy of the MOU with the local law enforcement agency in question and presented proof that the MOU was re-executed every two years.

## **Appendix: Audit Scope, Objectives, and Methodology**

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School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, the Pennsylvania Department of Education (PDE), and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>13</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

### **Scope**

Overall, our audit covered the period July 1, 2012, through June 30, 2016. In addition, the scope of each individual audit objective is detailed on the next page.

The School District of Lancaster's (District) management is responsible for establishing and maintaining effective internal controls<sup>14</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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<sup>13</sup> 72 P.S. §§ 402 and 403.

<sup>14</sup> Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

## Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, academic performance data, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2012, through June 30, 2016. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- ✓ Transportation Operations
- ✓ Bus Driver Requirements
- ✓ Administrator Contract Buyout
- ✓ School Safety

As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives:

- ✓ Did the District comply with applicable laws and regulations governing transportation operations, and did the District receive the correct transportation reimbursement from the Commonwealth?<sup>15</sup>
  - To address this objective, we reviewed the transportation data reported to PDE by the District for the 2012-13, 2013-14, 2014-15, and 2015-16 school years to determine the accuracy of daily mileage traveled and reported to PDE. We haphazardly selected 5 out of 102 buses, 5 out of 100 buses, 20 out of 112 buses, and 20 out of 116 buses for the 2012-13, 2013-14, 2014-15, and 2015-16 school years, respectively.<sup>16</sup> We reviewed the odometer readings and route descriptions to ensure mileage data was accurately reported to PDE for the buses selected. See Finding No. 1 beginning on page 11 for the results of our review of this objective.
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?<sup>17</sup> Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?

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<sup>15</sup> See 24 P.S. §§ 13-1301, 13-1302, 13-1305, 13-1306; 22 Pa. Code Chapter 11.

<sup>16</sup> We selected vehicles haphazardly in order to obtain a representative selection of vehicles. While the results of the representative selections may be projected to their respective populations, the characteristics present in the population may differ from the characteristics of the items selected.

<sup>17</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 Pa. Code Chapter 8.

- To address this objective, we reviewed all 132 of bus drivers employed by the District bus contractor as of June 15, 2017. We reviewed these bus drivers to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures, when followed, ensure compliance with bus driver hiring requirements. See Finding No. 2 beginning on page 15 for the results of our review of this objective.
- ✓ Did the District pursue a contract buy-out with an administrator and if so, what was the total cost of the buy-out, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code<sup>18</sup> and Public School Employees' Retirement System guidelines?
  - To address this objective, we reviewed the employment contracts, board meeting minutes, board policies, and payroll records for one of three administrators who separated employment with the District during the period July 1, 2012, through June 30, 2016, and received a buyout. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District take actions to ensure it provided a safe school environment?<sup>19</sup>
  - To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training schedules, anti-bullying policies, and after action reports. In addition, we conducted on-site reviews at 3 of the 20 District school buildings (one elementary school, one middle schools, and one high school) in June 2017 to assess whether the District had implemented basic safety practices.<sup>20</sup> Due to the sensitive nature of school safety, the results of our review for this objective area are not described in our audit report. The results of our school safety review were shared with District officials and, if deemed necessary, PDE.

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<sup>18</sup> 24 P.S. § 10-1073(e)(2)(v).

<sup>19</sup> 24 P.S. § 13-1301-A *et seq.*

<sup>20</sup> Basic safety practices evaluated were building security, bullying prevention, visitor procedures, risk and vulnerability assessments, and preparedness.

## **Distribution List**

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This report was initially distributed to the Superintendent of the District, the Board of School Directors, and the following stakeholders:

**The Honorable Tom W. Wolf**

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Harrisburg, PA 17120

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